



Downtown & Community Revitalization

DATE: June 4, 2010

TO: HONORABLE MAYOR ASHLEY SWEARINGEN
COUNCIL PRESIDENT LARRY WESTERLUND
COUNCIL MEMBERS

THROUGH: BRUCE A. RUDD, Assistant City Manager

FROM: CRAIG SCHARTON, Director
Downtown and Community Revitalization Department

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SUBJECT: STATUS OF THE "DROGE BUILDING" AT INYO ST AND VAN NESS AVE

Since 2009 the City of Fresno Downtown and Community Revitalization Department, Code Enforcement Division, and City Attorney's Office have been working to facilitate the rehabilitation of the dilapidated "Droge Building" at the northeast corner of Inyo Street and Van Ness Avenue (APN 468-252-05) in Downtown Fresno. One news report indicates that the 22,000 sq. ft. building, built in 1922, once housed the California Peach and Fig Growers Association.

The Fresno Housing Authority entered into a contract to purchase the building earlier this year, and approved the purchase on May 26. The Authority expects escrow to close within the next two weeks.

The following is based on a background and description of the Authority's plans provided by Authority staff for incorporation into this memo:

In early 2010, representatives from the City of Fresno ("City") approached the Housing Authorities of the City and County of Fresno ("HACCF") with regards to the property located at 802 Van Ness Avenue in downtown Fresno. The property is more commonly known as the Droge building and has been owned for several years by a private party, who intended to develop the project into a mixed-use building, with housing units constructed above retail spaces. While significant effort has been made to achieve this goal, the private party, Tutelian & Company, has been unable to secure the necessary financing to move the project forward. The City has expressed its preference in working with HACCF in acquiring and developing the site with a mixed-use project in the future.

The building originally consisted of a retail store with apartments on the second story. Currently the building is in some disrepair and while stabilized structurally for the current time, it is an eyesore to the downtown community....The location of the site lends itself well with access to government, finance, and legal/accounting services. Residents living in the units would be within walking distance to employment opportunities as well as public transit. In addition, access to Highway 41 and Highway 180 make the site ideal for the residents for travel.

The City is currently preparing a downtown specific plan to address land use and zoning issues. This property is being considered in this specific plan regarding land use, zoning and parking which

will allow more flexible development standards for the site. The City of Fresno Housing and Community Development Division has also indicated the availability of HOME funds for this project to assist in the financing of the development. An application to the City for the HOME funds has been completed and was submitted on June 1st.

HACCF would propose an Adaptive Re-Use of the building consisting of repairing the existing structure and the construction of residential and retail units. The design would utilize the exterior walls with new construction of the interior of the structure. The improvements to the exterior elevations will enhance and blend in with the overall appearance to its original condition. The first floor would consist of approximately 3500 square feet of commercial/retail space facing Van Ness Boulevard and five (5) residential units facing Inyo Street. The second floor would consist of nine (9) residential units facing both Van Ness Avenue and Inyo Street. Each unit would be designed as a one-bedroom unit of approximately 690 square feet.

The City has provided evidence to HACCF that the current zoning (C-4/CC-O), allows for the development of housing and retail under a previously considered mixed-use concept submitted by the current owner. This is conditioned on approval of a Conditional Use Permit ("CUP") application. The previous owner previously designed the project to include 8 residential units with 3 retail units. Based on this development plan there were 8 parking spaces provided on site. However, representatives from the City indicated that the project would be supported with additional residential units with parking to be provided in the parking structure owned by the City of Fresno located across Van Ness at the circular parking garage structure. HACCF has met with the City representatives to discuss this development plan and determined that it would be the most feasible as well as the most desirable concept to be supported under the CUP process. The current conceptual development plan includes a retail space and five (5) housing units on the first floor and nine (9) housing units on the second floor. A site plan is included with this summary.

A scope of work to stabilize the structure while development plans are processed with the City will be developed in the coming month, along with an estimated cost for these activities.

The proposed development plan would include fourteen (14) one bedroom units at an average size of 682 square feet. In addition, approximately 3,500 square feet of commercial retail space would be provided along Van Ness Avenue. The rent structure would include 7 units set-aside for residents earning no more than 80% of the Area Median Income ("AMI"). The AMI for Fresno County is \$51,300. Therefore, a 2-3 person household could earn as much as \$41,040 and qualify. The rent for these income restricted units would be \$625. The remaining 7 units would not be income restricted and thus a market rent of \$900 is being proposed.